

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Commerce Administration**Reporting level:** 00-601-200-00-00-00-00-00000000**Program Performance Measures**

Not applicable.

Program Statistical Data

Not applicable.

Explanation of Program Costs

The costs associated with Commerce Administration are dedicated to supporting the overall administrative functions of the Department.

Program Goals and Objectives

This is a division that provides support services to the Department of Commerce and world class customer service to our clients.

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Biennium: 2015-2017

Time: 13:08:42

Program: Commerce Administration		Reporting Level: 00-601-200-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Salaries and Wages					
Salaries - Permanent	1,832,458	2,596,947	(124,240)	2,472,707	0
Temporary Salaries	50,563	8,000	137,272	145,272	0
Overtime	1,561	0	0	0	0
Fringe Benefits	615,697	800,236	159,968	960,204	0
Total	2,500,279	3,405,183	173,000	3,578,183	0
Salaries and Wages					
General Fund	2,500,279	3,277,904	300,279	3,578,183	0
Federal Funds	0	84,233	(84,233)	0	0
Special Funds	0	43,046	(43,046)	0	0
Total	2,500,279	3,405,183	173,000	3,578,183	0
Accrued Leave Payments					
Salaries - Permanent	0	243,767	(243,767)	0	0
Total	0	243,767	(243,767)	0	0
Accrued Leave Payments					
General Fund	0	243,767	(243,767)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	243,767	(243,767)	0	0
Operating Expenses					
Travel	136,728	122,000	(5,656)	116,344	12,000
Supplies - IT Software	22,929	14,000	8,980	22,980	500
Supply/Material-Professional	5,082	6,700	(1,700)	5,000	1,000
Food and Clothing	3,649	20	0	20	0
Bldg, Ground, Maintenance	23	0	0	0	0
Miscellaneous Supplies	15,697	18,490	510	19,000	10,500
Office Supplies	55,679	16,000	(2,000)	14,000	1,000
Postage	13,014	30,500	1,000	31,500	5,000
Printing	42,697	36,500	0	36,500	15,000
IT Equip Under \$5,000	26,305	12,000	0	12,000	0
Other Equip Under \$5,000	8,691	0	0	0	0
Office Equip & Furn Supplies	3,159	32,000	0	32,000	0
Insurance	2,950	2,500	0	2,500	0
Rentals/Leases-Equip & Other	4,406	4,000	0	4,000	0
Rentals/Leases - Bldg/Land	175,962	125,408	5,000	130,408	104,328

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Repairs	4,515	128,898	0	128,898	0
IT - Data Processing	57,469	42,000	4,003	46,003	48,000
IT - Communications	37,047	32,000	500	32,500	1,000
IT Contractual Svcs and Rprs	162,012	74,000	5,000	79,000	8,000
Professional Development	108,964	100,000	(21,000)	79,000	5,000
Operating Fees and Services	1,449,573	521,088	13,412	534,500	80,000
Fees - Professional Services	91,777	201,600	(7,406)	194,194	20,000
Total	2,428,328	1,519,704	643	1,520,347	311,328
Operating Expenses					
General Fund	2,394,011	1,319,704	643	1,320,347	261,328
Federal Funds	0	0	0	0	0
Special Funds	34,317	200,000	0	200,000	50,000
Total	2,428,328	1,519,704	643	1,520,347	311,328
Grants					
Grants, Benefits & Claims	50,032	0	0	0	0
Transfers Out	1,125,000	0	0	0	0
Total	1,175,032	0	0	0	0
Grants					
General Fund	1,175,032	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,175,032	0	0	0	0
Discretionary Grants					
Grants, Benefits & Claims	964,117	1,605,740	(677,658)	928,082	0
Total	964,117	1,605,740	(677,658)	928,082	0
Discretionary Grants					
General Fund	964,117	1,605,740	(677,658)	928,082	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	964,117	1,605,740	(677,658)	928,082	0
Workforce Enhancement Fund					
Transfers Out	375,000	0	0	0	0

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Total	375,000	0	0	0	0
Workforce Enhancement Fund					
General Fund	375,000	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	375,000	0	0	0	0
ResearchND					
Transfers Out	12,000,000	0	0	0	0
Total	12,000,000	0	0	0	0
ResearchND					
General Fund	12,000,000	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	12,000,000	0	0	0	0
North Dakota Trade Office					
Operating Fees and Services	2,605,944	2,613,400	0	2,613,400	0
Total	2,605,944	2,613,400	0	2,613,400	0
North Dakota Trade Office					
General Fund	2,605,944	2,613,400	0	2,613,400	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	2,605,944	2,613,400	0	2,613,400	0
Partner Programs					
Supply/Material-Professional	78	0	0	0	0
Printing	419	0	0	0	0
Operating Fees and Services	149,504	1,050,000	(100,000)	950,000	200,000
Fees - Professional Services	950,000	0	0	0	0
Grants, Benefits & Claims	963,677	972,044	0	972,044	200,000
Total	2,063,678	2,022,044	(100,000)	1,922,044	400,000
Partner Programs					
General Fund	2,063,678	2,022,044	(100,000)	1,922,044	400,000

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	2,063,678	2,022,044	(100,000)	1,922,044	400,000
Visual North Dakota					
Grants, Benefits & Claims	0	250,000	(250,000)	0	0
Total	0	250,000	(250,000)	0	0
Visual North Dakota					
General Fund	0	250,000	(250,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	250,000	(250,000)	0	0
Total Expenditures	24,112,378	11,659,838	(1,097,782)	10,562,056	711,328
Funding Sources					
General Fund					
Total	24,078,061	11,332,559	(970,503)	10,362,056	661,328
Federal Funds					
E056 Indirect Cost	0	84,233	(84,233)	0	0
Total	0	84,233	(84,233)	0	0
Special Funds					
330 Economic Dev. Fund 330	34,317	200,000	0	200,000	50,000
342 Intergovernmental Assist. Fund 342	0	43,046	(43,046)	0	0
Total	34,317	243,046	(43,046)	200,000	50,000
Total Funding Sources	24,112,378	11,659,838	(1,097,782)	10,562,056	711,328
FTE Employees	18.37	19.37	(0.36)	19.01	0.00

CHANGE PACKAGE DETAIL

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 7 Remove prior biennium one-time appropriations		0.00	(350,000)	0	0	(350,000)
A-E 9 Remove Carryover authority		0.00	(677,658)	0	0	(677,658)
Total One Time Budget Changes		0.00	(1,027,658)	0	0	(1,027,658)

Ongoing Budget Changes

A-A 1 Increased cost to do business		0.00	22,912	0	0	22,912
A-A 2 Miscellaneous changes		0.00	(51,096)	0	0	(51,096)
A-A 4 Program changes		0.00	28,827	0	0	28,827
Base Payroll Change		(0.36)	56,512	(84,233)	(43,046)	(70,767)
Total Ongoing Budget Changes		(0.36)	57,155	(84,233)	(43,046)	(70,124)
Total Base Budget Changes		(0.36)	(970,503)	(84,233)	(43,046)	(1,097,782)

Optional Budget Changes**One Time Optional Changes**

A-D 37 Promotion of UAS Industry	13	0.00	200,000	0	50,000	250,000
Total One Time Optional Changes		0.00	200,000	0	50,000	250,000

Ongoing Optional Changes

A-C 23 Inflationary increase	11	0.00	61,328	0	0	61,328
A-C 20 Manufacturing extension partnership	17	0.00	200,000	0	0	200,000
A-C 22 Small business development center	18	0.00	100,000	0	0	100,000
A-C 21 Womens Business Dev Office & Rural Dev Office	21	0.00	100,000	0	0	100,000
Total Ongoing Optional Changes		0.00	461,328	0	0	461,328
Total Optional Budget Changes		0.00	661,328	0	50,000	711,328

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Innovation and Entrepreneurship**Reporting level:** 00-601-250-00-00-00-00000000**Program Performance Measures**

Measurements associated with the Centers of Excellence/Centers of Research Excellence program include the number of jobs created and wages associated with these jobs; amount of leveraged funds; and new companies starting-up, spinning-off, or relocating to North Dakota.

A short-term metric for the Innovate North Dakota program is the number of ideas submitted. Since Innovate North Dakota is dealing with start-up businesses and ideas, a longer-term metric is the number of businesses launched that are still in business five years after participating in Innovate North Dakota.

The Technology-based Entrepreneurship Grant program will be measured by the entrepreneurial activity resulting from the program. This includes the number of new businesses assisted, successful product launches, and the number of resulting jobs.

Program Statistical Data

As of June 30, 2011, the \$32.9 million in state funds that have been spent through the Centers of Excellence program has resulted in \$538.8 million in total estimated impact to North Dakota's economy. A total of 185 private sector companies are partnering with Centers to create 21 new or expanded businesses: 16 companies with a new location in North Dakota and 5 companies that have expanded. Centers, grant recipients and their partners have created or contributed to the creation of 973 jobs at an estimated annual payroll of \$52.1 million.

Since the launch of Innovate North Dakota in the fall of 2006, nearly 800 people with 400 ideas have participated in the program and 125 new businesses are operational or in the development stage as a result.

Explanation of Program Costs

The program costs for the Office of Innovation and Entrepreneurship are primarily for administration and support of the Centers of Excellence/Centers of Research Excellence, Innovate North Dakota, and Technology-based Entrepreneurship Grant programs.

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Innovation and Entrepreneurship**Reporting level:** 00-601-250-00-00-00-00-00000000**Program Goals and Objectives**

The Office of Innovation and Entrepreneurship assists the Centers of Excellence Commission in the administration of the Centers of Excellence/Centers of Research Excellence program, including monitoring of approved Centers; and manages the Innovate North Dakota and Technology-based Entrepreneurship Grant programs.

The objective of the Centers of Excellence/Centers of Research Excellence program is to create economic development by partnering North Dakota's college and universities with private sector companies.

The Innovate North Dakota program's objective is to assist entrepreneurs in launching new innovative ventures. This is accomplished through entrepreneurial education, coaching, and a competition.

The objective of the legislatively established Technology-based Entrepreneurship Grant program is to spur new technology-based businesses by providing grants to assist entrepreneurs with accessing capital, marketing, entrepreneurship infrastructure, and entrepreneurial talent.

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Program: Innovation and Entrepreneurship		Reporting Level: 00-601-250-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Salaries and Wages					
Salaries - Permanent	289,320	355,944	275,520	631,464	0
Overtime	4,574	0	0	0	0
Fringe Benefits	103,491	142,742	78,976	221,718	0
Total	397,385	498,686	354,496	853,182	0
Salaries and Wages					
General Fund	397,385	498,686	354,496	853,182	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	397,385	498,686	354,496	853,182	0
Operating Expenses					
Travel	17,315	29,393	14,160	43,553	0
Supplies - IT Software	1,429	1,500	1,700	3,200	0
Supply/Material-Professional	100	0	0	0	0
Miscellaneous Supplies	36	0	0	0	0
Office Supplies	547	1,000	0	1,000	0
Postage	1,649	3,500	(2,000)	1,500	0
Printing	1,368	2,000	0	2,000	0
IT Equip Under \$5,000	1,110	1,600	1,200	2,800	0
Rentals/Leases - Bldg/Land	19,559	19,309	10,399	29,708	122,707
IT - Data Processing	5,835	9,005	4,430	13,435	4,430
IT - Communications	6,383	6,170	3,240	9,410	0
IT Contractual Svcs and Rprs	2,274	4,144	4,029	8,173	0
Professional Development	16,950	22,200	(8,912)	13,288	0
Operating Fees and Services	437,908	588,000	(134,500)	453,500	2,098,620
Fees - Professional Services	1,604	1,816	(1,816)	0	0
Total	514,067	689,637	(108,070)	581,567	2,225,757
Operating Expenses					
General Fund	405,085	539,637	(108,070)	431,567	2,225,757
Federal Funds	0	0	0	0	0
Special Funds	108,982	150,000	0	150,000	0
Total	514,067	689,637	(108,070)	581,567	2,225,757
Grants					
Grants, Benefits & Claims	1,382,356	11,636,216	(10,636,216)	1,000,000	5,000,000
Total	1,382,356	11,636,216	(10,636,216)	1,000,000	5,000,000

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Grants					
General Fund	1,382,356	9,136,216	(8,136,216)	1,000,000	5,000,000
Federal Funds	0	0	0	0	0
Special Funds	0	2,500,000	(2,500,000)	0	0
Total	1,382,356	11,636,216	(10,636,216)	1,000,000	5,000,000
ResearchND					
Grants, Benefits & Claims	0	12,000,000	(12,000,000)	0	10,000,000
Total	0	12,000,000	(12,000,000)	0	10,000,000
ResearchND					
General Fund	0	12,000,000	(12,000,000)	0	10,000,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	12,000,000	(12,000,000)	0	10,000,000
Total Expenditures	2,293,808	24,824,539	(22,389,790)	2,434,749	17,225,757
Funding Sources					
General Fund					
Total	2,184,826	22,174,539	(19,889,790)	2,284,749	17,225,757
Special Funds					
330 Economic Dev. Fund 330	108,982	2,650,000	(2,500,000)	150,000	0
600 Strategic Investment and Improve.	0	0	0	0	0
Total	108,982	2,650,000	(2,500,000)	150,000	0
Total Funding Sources	2,293,808	24,824,539	(22,389,790)	2,434,749	17,225,757
FTE Employees	4.00	4.00	0.00	4.00	0.00

CHANGE PACKAGE DETAIL

601 Department of Commerce

Biennium: 2015-2017

Bill#: HB1018

Date: 12/23/2014

Time: 13:08:42

Program: Innovation and Entrepreneurship			Reporting Level: 00-601-250-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 7 Remove prior biennium one-time appropriations		0.00	(18,800,000)	0	(2,500,000)	(21,300,000)
A-E 9 Remove Carryover authority		0.00	(1,336,216)	0	0	(1,336,216)
Total One Time Budget Changes		0.00	(20,136,216)	0	(2,500,000)	(22,636,216)

Ongoing Budget Changes

A-A 1 Increased cost to do business		0.00	34,366	0	0	34,366
A-A 2 Miscellaneous changes		0.00	(15,707)	0	0	(15,707)
A-A 3 Operation changes		0.00	(126,729)	0	0	(126,729)
Base Payroll Change		0.00	354,496	0	0	354,496
Total Ongoing Budget Changes		0.00	246,426	0	0	246,426

Total Base Budget Changes

0.00	(19,889,790)	0	(2,500,000)	(22,389,790)
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Optional Budget Changes**One Time Optional Changes**

A-D 15 Unmanned aerial systems	3	0.00	2,218,620	0	0	2,218,620
A-D 13 Research ND	4	0.00	10,000,000	0	0	10,000,000
A-D 11 Base realignment grants	20	0.00	1,500,000	0	0	1,500,000
Total One Time Optional Changes		0.00	13,718,620	0	0	13,718,620

Ongoing Optional Changes

A-C 27 Entrepreneurial ecosystem	1	0.00	3,500,000	0	0	3,500,000
A-C 23 Inflationary increase	11	0.00	7,137	0	0	7,137
Total Ongoing Optional Changes		0.00	3,507,137	0	0	3,507,137
Total Optional Budget Changes		0.00	17,225,757	0	0	17,225,757

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** North Dakota Tourism**Reporting level:** 00-601-300-00-00-00-00-00000000**Program Performance Measures****Tourism Performance**

US Travel Associations' annual Economic Impact of Travel showed travelers spent \$3.013 billion in North Dakota in 2012, \$457.6 million in taxes and travel was the state's 4th largest employer accounting for 7.8% of employment. Traveler spending in North Dakota exceeded spending in South Dakota, Alaska, Wyoming, Rhode Island, Vermont, West Virginia and Delaware.

Since 1990, researchers at North Dakota State University have been tracking the six primary industries which bring revenue into the state. For the Tourism industry, it reflects all expenditures by out-of-state visitors, which reached \$5 billion in 2012 ranking tourism 3rd behind oil and agriculture.

Statistics Canada's summary on Travel by Canadians to the United States shows in the 2011 travel year, North Dakota saw an 11% increase in visits by Canadians and a 15% increase in traveler spending. North Dakota is the 10th most visited state by Canadians.

Leisure Marketing

- Publications: Travel guide, hunting and fishing guide, map - printed and digital.
- Paid advertising: \$2.5 million per year invested in integrated campaign across numerous media: TV, print, newspaper inserts, digital, out-of-home, radio.
- Cooperative advertising opportunities for industry partners.
- Website: New responsively designed site launched May 2013, constant improvement being made.
- E-newsletters - Social media channels. Expanded social media continue to engage potential travelers through social media.
- Results: strong ROI 1:119, increased visitor stats, new inquiries and web activity; improved functions and mobile compatibility on website.

Public and Media Relations

- Monthly releases, pitches, digital strategy and implementation, partnerships, interviews, story submissions, and itineraries
- Media familiarization tours (FAM)
- Freelance writer's workshop, newsletter updates for freelancers
- Twitter, Facebook, Pinterest, Instagram, YouTube, Flickr
- Results: 2013 Total Unique Digital Audience - more than 12,500,000
- 2013 Total Digital Impressions - More than 44,100,000
- 51 pitches resulting in 120 media instances
- Improved brand awareness, social media engagement

Customer Service and Sales

- Travel counseling – via phone and on-line
- Brochure racks in rest areas - 115 partners
- Fulfill requests of state materials and for partners
- Itinerary and route development
- Resource materials to attractions and retailers
- Results: 335,000 annual travel guides distributed; 78,000 direct referrals to North Dakota businesses from NDtourism.com

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** North Dakota Tourism**Reporting level:** 00-601-300-00-00-00-00-00000000**International Marketing**

- Cooperative sales with Rocky Mountain International (regional sales agent) states
- Travel trade shows, missions, media events, and seminars. (24 in 2013) Distributed over 1,000 digital kits
- Visit USA Committees: Nordics, UK, Germany, France, Italy, Benelux, Australia, New Zealand, and Taiwan
- FAM tours – for package sales and media (20 participants from 5 countries in 2011)
- Targets: Norway, Sweden, Denmark, Finland, Iceland, Germany, Australia, and New Zealand
- Results: ND product for sale in catalogs, advertising equivalency of media coverage (\$1.2 million in 2013). Increased visitation. More leads to travel partners (400 in 2013)

Group Travel Marketing

- Travel Industry Marketplaces included 10 partners with over 500 appointments.
- Group Travel itinerary guide developed (3,000 printed) featuring North Dakota communities, attractions, and special events.
- Niche marketing - New digital, co-op, print and social media advertising.
- Results: Generated new group travel visitation, increased legendary North Dakota brand awareness and marketing coverage.

Outdoor Promotions

- Sport shows and niche promotions (6 shows with 17 partners in 2014)
- Niche advertising – TV, on-line, sponsorships (ND Outdoor shows), out-of-home
- Outdoor FAM tours (5 in 2013)
- Results: media coverage, increased bookings and nonresident license sales, partner participation in events, greater awareness of North Dakota's Outdoors.

Tourism Development

- Project facilitation
- Outreach to communities, economic and business developers
- Track new tourism-related businesses - hotels, service providers, and attractions
 - 54 new hotels in past 24 months (July 2012 - June 2014)
 - 4 new guest ranches and farm stays
- Grants – funded 13 expansion projects and 8 infrastructure projects in 2013 - 2014
 - 6 grants awarded to new tourism businesses
 - 7 grants awarded to expand existing tourism businesses
 - 8 grants awarded to attractions and community tourism amenities
- Emphasis on rural, recreation and agritourism business development

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** North Dakota Tourism**Reporting level:** 00-601-300-00-00-00-00-00000000

- 27 registered agritourism destinations
- Grant funds to 3 recreation providers
- 26 wineries and vineyards, 6 of which are open regularly for public visits
- Correspondence and communication with 94 existing and potential agritourism businesses
- Results: new tourism businesses or expanded offerings

Industry Development

- Travel Industry Conference – annual event for industry stakeholders
- Stakeholders' meeting – annual marketing session
- Partner access and promotion – allows partners free listings and marketing on state website (2,026 registered in 2013)
- Semi-monthly newsletter – provides stats, tips and opportunities (1,715 subscribers)
- Regional workshops – customized for each region with hands-on learning
- Results: a vibrant, engaged industry that cross-sells and is tied into state's efforts

Program Statistical Data**2013 Visitors Study**

Longwoods International estimates the size of ND's domestic market has grown to 15.27 million visitor trips. SMARI research conducted 6,200 interviews for the visitor study.

Canadian Travel

In 2012, North Dakota was the 10th most visited state by Canadians. Statistics Canada reported 761,000 overnight trips and spending of more than \$266 million.

2011 Tourism Satellite Account

Global Insight estimates North Dakota's tourism expenditures at \$3 billion with visitors from other states representing the largest portion of spending at 60%.

2012 ND Economic Base

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Researchers at NDSU report all non-resident spending in North Dakota contributing \$5 billion in 2012, a 3.3% increase over the previous year.

North Dakota's Economic Base, 2012

Oil	\$14.6 billion
Agriculture	\$9.0 billion
Tourism	\$5.0 billion
Manufacturing	\$2.8 billion
Coal	\$1.7 billion
Exported Services	\$1.3 billion

Publications

The 2014 Travel Guide was made available through request fulfillment, added distribution in Minneapolis airport, at sport and travel shows, at in-state rest areas, visitor centers, and traveler-frequented businesses. 335,000 copies were printed and distributed.

The 2014 Hunting and Fishing Guide was made available through request fulfillment, at sport and travel shows, at visitor centers, and traveler-frequented businesses. 60,000 copies were in circulation.

The Official Highway map is distributed in partnership with the ND Department of Transportation. 1.2 million copies of the map were printed for the two-year distribution through request fulfillment, at sport and travel shows, in-state rest areas, visitor centers, and traveler-frequented businesses.

Publication Fulfillment

North Dakota Tourism continues a partnership with One Fulfillment for collecting brochure requests. In 2011, e-mail requests for travel information were up 17%. The top states requesting fulfillment were: Illinois, Minnesota, Wisconsin, Michigan, and Ohio. Total traditional inquiries were 58,651 in 2013 and website visits were 591,164.

The rest area brochure program: 115 tourism industry partners participated with 156 brochures.

In 2014, cooperative advertising expanded to options in print, radio, online, email, and advertorial, with 15 partners. 103 partners advertised in the North Dakota Travel Guide and 33 in the North Dakota Hunting & Fishing Guide.

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** North Dakota Tourism**Reporting level:** 00-601-300-00-00-00-00000000**Explanation of Program Costs**

The budget includes dollars in the following major categories:

Telecommunications/ITD – this includes our 800 number (800-HELLOND) – the number we advertise to call for travel packets, our websites, and data storage.

Postage – this covers postage on the information packets our division sends out in response to travel inquiries. It also includes sending cases of our vacation guide and other brochures to trade shows, information centers, gas stations, etc.

Advertising/Marketing – a majority of the division's expenditures involve advertising design, production, and placement. This includes the design of all television, radio, print, direct mail, out-of-home and digital ads and the cost of placing them in the targeted markets. This also includes the development of special market brochures such as the Hunting and Fishing Guide and image pieces. All costs incurred for the maintenance and enhancement of the division's website and additional interactive marketing projects are included in these expenses.

Information Technology – a new category for IT has been carved out of the existing budget. As travelers demand more electronic and mobile information, this area is expected to continue to grow as we market, track and fulfill requests electronically. Microsoft Dynamics CRM, ongoing cost associated with our content management systems and data management are also included. (Due to the size and functionality of the new website, ITD has increased our hosting and storage costs by \$85,000.)

Printing – a large part of our budget is allotted for the printing of our publications and brochures that promote the State and provide valuable travel information to visitors. These publications include the North Dakota Travel Guide, North Dakota Hunting and Fishing Guide, student packets, North Dakota Group Tour Planning Guide, media kits, and over 3.2 million newspaper inserts.

Travel – all program managers travel to sell North Dakota to their target markets. Airfares, fuel cost, and lodging costs continue to increase dramatically, impacting the program's marketing budgets.

Program Goals and Objectives

The Department of Commerce is North Dakota's lead economic development agency and our mission is to improve the quality of life of the people of North Dakota. The ultimate goal of our investment in tourism is to increase the impact of tourism on North Dakota's economy and the well-being of our citizens. Various studies have shown that we're accomplishing our goal. The growth in tourism spans the whole state. IHS Global Insight research revealed that every county in North Dakota saw positive growth from 2008-2011. Forty-six counties posted double-digit growth, with overall growth at 13.4%. 2013 data will also be available.

For the past decade, Legendary has been a proven brand for North Dakota to market the state as a travel destination to out-of-state visitors. From 2000-2012, the most recent data available, the industry has grown by \$1,027 million, according to research by NDSU. The creation of the Legendary brand marked the first time North Dakota was able to bring the state's tourism industry together to market under one umbrella brand. The versatility of the brand makes it easy for our partners to tie into Legendary as the overall brand and apply it to their attraction or destination.

Through research and strategic planning, the Legendary brand has evolved to keep the creative messaging targeted for results.

The media mix is continually refined to accommodate the target audience's change of media consumption and to take advantage of new opportunities on social and digital media.

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** North Dakota Tourism**Reporting level:** 00-601-300-00-00-00-00000000

Another initiative the Tourism division has been focusing on is tourism development. The tourism development position allows the division to help connect the programs and services available to businesses to potential new tourism operations. The focus has been on developing more rural tourism opportunities in areas such as agritourism, recreation, and eco- or nature tourism.

Whether marketing our cities or our rural areas, the division's marketing efforts continue to evolve as we strive to attract more visitors to North Dakota.

North Dakota Tourism Stats Show Growth ·

Global airlines suffered the worst-ever fall in passenger demand in 2009 (-3.5%), according to the International Air Transport Association (IATA); while in North Dakota, airports posted a 5% increase in boardings.

According to Smith Travel Research (STR), the U.S. hotel industry posted these results: supply (+3.2%), demand (-5.8%), occupancy (-8.6%), ADR (-8.8%), and RevPAR (-16.7%). On an average day in 2009, there were 215,000 fewer rooms sold nationally, generating \$42 million less in revenue than a 1½ years ago; while in North Dakota our results shows: supply (+3%), demand (+3.6%), occupancy (+1.5%), ADR (+4.3%), and RevPAR (+5.8%) and our lodging tax receipts were up 8%.

A number of indicators suggest that business travel was the segment most negatively affected in 2009. American Express' global corporate travel sales shrunk 30% year-over-year in 2009 to \$14.6 billion. North Dakota hotels reported strong business use in 2009. This segment increased to 25% of all overnight travel in 2008.

National parks nationwide apparently benefitted from changing traveler preferences, with recreation visits reported to have risen about 5% in 2009. In North Dakota, visitation to our National Parks grew by 15% to 644,000 visitors. The increase is partially attributable to increased foreign visitation and increased interest in camping. State parks in North Dakota also enjoyed strong increases, up 19% over 2008.

According to the United States Travel Association's (USTA) 2013 research on the Impact of Travel on State Economies 2013, North Dakota leads the nation in two categories for the fourth straight year. The 2013 report covers the impact of travel on state economies in 2014 and the U.S. national economy for 2012.

North Dakota led the nation in growth for travel-generated employment at 5.2%. South Dakota trailed behind at 1.4% and Minnesota at 1.6%.

North Dakota also led the nation in the growth of travel expenditures at 21%. South Dakota was at 9% and Minnesota was at 7.2%.

North Dakota's USTA 2011 Research Report, Estimates, at a Glance

2013 Visitor Stats also show strong numbers despite poor weather and Federal government shutdowns:

		<u>2012</u>
State Park Visitors	1,067,053	-9%
National Park Visitors	580,300	-14%

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42

Program: North Dakota Tourism	Reporting level: 00-601-300-00-00-00-00-00000000
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Major Attractions	4,413,864	.2%
Local Visitor Centers	95,966	-7%
Canadian Border Crossings	846,334	-1%
Airline Deplanements	1,096,770	+8%
Cumulative Lodging	9,279,063	+6%

The results show although the accommodations sector is strong statewide, the need to continue marketing is imperative due to the huge inventory increase.

While North Dakota's room inventory increased 11% from 2013, it contributed to decreased occupancy rates. North Dakota's hotel occupancy rate of 66% in 2013 was ahead of the national average of 62.3% but down 7% from 2012.

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Biennium: 2015-2017

Time: 13:08:42

Program: North Dakota Tourism		Reporting Level: 00-601-300-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Salaries and Wages					
Salaries - Permanent	1,261,956	1,236,473	66,592	1,303,065	1,552
Temporary Salaries	39,510	20,000	(20,000)	0	0
Overtime	4,279	5,000	(5,000)	0	0
Fringe Benefits	459,701	486,889	23,291	510,180	23,920
Total	1,765,446	1,748,362	64,883	1,813,245	25,472
Salaries and Wages					
General Fund	1,765,446	1,748,362	64,883	1,813,245	25,472
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,765,446	1,748,362	64,883	1,813,245	25,472
Operating Expenses					
Travel	142,929	172,090	(27,576)	144,514	21,136
Supplies - IT Software	3,692	5,000	8,000	13,000	0
Supply/Material-Professional	2,821	2,550	650	3,200	0
Food and Clothing	315	550	(50)	500	0
Bldg, Ground, Maintenance	33	0	0	0	0
Miscellaneous Supplies	56,868	177,000	8,650	185,650	0
Office Supplies	15,225	25,145	(400)	24,745	0
Postage	226,378	220,550	4,550	225,100	0
Printing	775,693	755,450	(2,100)	753,350	48,000
IT Equip Under \$5,000	9,613	23,000	(6,000)	17,000	0
Other Equip Under \$5,000	1,230	0	0	0	0
Office Equip & Furn Supplies	99	0	0	0	0
Insurance	1,292	1,155	0	1,155	0
Rentals/Leases-Equip & Other	2,821	5,061	(2,000)	3,061	0
Rentals/Leases - Bldg/Land	112,776	106,225	5,115	111,340	7,355
Repairs	282	200	0	200	0
IT - Data Processing	53,228	62,500	52,500	115,000	72,500
IT - Communications	28,365	30,366	(366)	30,000	0
IT Contractual Svcs and Rprs	57,975	127,000	39,000	166,000	0
Professional Development	62,477	73,490	(99)	73,391	0
Operating Fees and Services	4,781,719	6,352,441	(248,250)	6,104,191	3,293,452
Fees - Professional Services	1,335,996	1,044,553	168,376	1,212,929	130,000
Grants, Benefits & Claims	3,416	0	0	0	0
Total	7,675,243	9,184,326	0	9,184,326	3,572,443

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Biennium: 2015-2017

Time: 13:08:42

Program: North Dakota Tourism		Reporting Level: 00-601-300-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Operating Expenses					
General Fund	7,323,183	8,821,326	0	8,821,326	3,572,443
Federal Funds	0	0	0	0	0
Special Funds	352,060	363,000	0	363,000	0
Total	7,675,243	9,184,326	0	9,184,326	3,572,443
Grants					
Grants, Benefits & Claims	1,046,502	991,975	(850,000)	141,975	750,000
Total	1,046,502	991,975	(850,000)	141,975	750,000
Grants					
General Fund	1,046,502	991,975	(850,000)	141,975	750,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,046,502	991,975	(850,000)	141,975	750,000
Total Expenditures	10,487,191	11,924,663	(785,117)	11,139,546	4,347,915
Funding Sources					
General Fund					
Total	10,135,131	11,561,663	(785,117)	10,776,546	4,347,915
Special Funds					
443 Department of Tourism Fund 443	352,060	363,000	0	363,000	0
Total	352,060	363,000	0	363,000	0
Total Funding Sources	10,487,191	11,924,663	(785,117)	11,139,546	4,347,915
FTE Employees	11.45	11.45	(0.50)	10.95	0.15

CHANGE PACKAGE DETAIL

601 Department of Commerce
Biennium: 2015-2017

Bill#: HB1018

Date: 12/23/2014

Time: 13:08:42

Program: North Dakota Tourism			Reporting Level: 00-601-300-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 7 Remove prior biennium one-time appropriations		0.00	(750,000)	0	0	(750,000)
A-E 9 Remove Carryover authority		0.00	(100,000)	0	0	(100,000)
Total One Time Budget Changes		0.00	(850,000)	0	0	(850,000)

Ongoing Budget Changes

A-A 1 Increased cost to do business		0.00	109,165	0	0	109,165
A-A 2 Miscellaneous changes		0.00	(1,515)	0	0	(1,515)
A-A 4 Program changes		0.00	(107,650)	0	0	(107,650)
Base Payroll Change		(0.50)	64,883	0	0	64,883
Total Ongoing Budget Changes		(0.50)	64,883	0	0	64,883
Total Base Budget Changes		(0.50)	(785,117)	0	0	(785,117)

Optional Budget Changes**One Time Optional Changes**

A-D 29 Tourism Midwest markets	2	0.00	3,244,752	0	0	3,244,752
A-D 14 Tourism infrastructure grants	6	0.00	750,000	0	0	750,000
Total One Time Optional Changes		0.00	3,994,752	0	0	3,994,752

Ongoing Optional Changes

A-C 23 Inflationary increase	11	0.00	79,855	0	0	79,855
A-C 36 Tourism Admin FTE	12	0.15	25,472	0	0	25,472
A-C 28 Tourism international	15	0.00	247,836	0	0	247,836
Total Ongoing Optional Changes		0.15	353,163	0	0	353,163
Total Optional Budget Changes		0.15	4,347,915	0	0	4,347,915

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** ND Workforce Development**Reporting level:** 00-601-400-00-00-00-00-00000000**Program Performance Measures**

Ensure implementation of statewide strategic workforce plan goals and initiatives. Overview of goals:

- Grow our future workforce
- Facilitate and enhance interactions between business and North Dakota's current and future workforce
- Assist North Dakota in recruitment and retention of workers and their families
- Map North Dakota's workforce development activities, incentives and programs; analyze gaps and recommend strategies; utilize to promote North Dakota to current and future workforce

Facilitate a collaborative relationship and actions to improve University System connections with economic development, private sector, policy makers, and customers, resulting in a strengthened workforce development system.

Facilitate the ongoing development and value of a statewide team of workforce professionals for addressing workforce issues.

Operate and identify ongoing enhancements to programs that assist in addressing state workforce development, including AmeriCorps, Operation Intern, Relocation Program, Workforce Enhancement Grants, and Tribal College Grants.

Program Statistical Data

Operation Intern

2013 biennium as of June 2014:

- 108 - Number of businesses participating in Operation Intern
 - 45 - Number of new businesses participating in Operation Intern
 - 42% of total 108 companies (Internal Goal is 30%)
 - No federal internships with Operation Intern (\$25,000 set aside)
 - 19 full-time hires in 13-15 biennium to date
 - 21 full-time hires in 11-13 biennium
 - 23 full-time hires in 09-11 biennium
 - 27 full-time hires in 07-09 biennium
- = 90 Total number of full-time hires since inception**

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** ND Workforce Development**Reporting level:** 00-601-400-00-00-00-00-00000000

- \$1,540,440 obligated (99% of \$1,556,000)
 - 80% Targeted (\$1,232,352 of \$1,556,000)
 - 20% Non-Targeted (\$308,088 of \$1,556,000)

Explanation of Program Costs

Costs for the Workforce Development Division include administrative work for the State Commission on National and Community Service, which serves as the required match for receipt of AmeriCorps Program funds; the Youth Office and Operation Intern; and activities related to support implementation of the Talent Strategy, such as the relocation program, statewide biennial strategic planning, performance accountability, workforce intelligence coordination and support, and other activities designed to address workforce development. Federal AmeriCorps grant funding of \$1.2 million goes to sub-grantee AmeriCorps projects around the state.

Program Goals and Objectives**The Division of Workforce Development:**

The Division of Workforce Development provides administrative support to the Governor-appointed State Commission on National and Community Service, which is mandated under federal law in order for the state to receive federal funds under the National Community Service Act of 1992. In addition, the Workforce Development Division has a legislated responsibility for development and implementation of the state talent strategy.

The Workforce Development Division supports the North Dakota Talent Strategy to base all decisions on qualitative and quantitative workforce intelligence.

Program: Workforce Development Division:

The Workforce Development Division has a legislated role to: 1) Develop and implement the state's talent strategy; 2) Actively monitor local, regional, and national private and public workforce development initiatives; and 3) Develop and implement a statewide intelligence coordination strategy.

In addition, the Workforce Development Division is legislatively mandated to develop, in partnership with state agencies, a Consolidated Biennial State Strategic Plan for Workforce Development, Workforce Training and Talent Attraction.

Federal and state-funded programs administered through the Division of Workforce Development include:

- AmeriCorps State
- Workforce Enhancement Grants
- Tribal College Grants
- Operation Intern

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** ND Workforce Development**Reporting level:** 00-601-400-00-00-00-00000000

AHEC Contract

Program: North Dakota State Commission on National and Community Service:

The North Dakota State Commission on National and Community Service was authorized under executive order 2002-02. Executive Order 2013-20 updated the authorization to include responsibilities previously held by the Faith Based and Community Initiatives Advisory Commission. The council is a 15 voting and 2 ex-officio member (non-voting) board appointed by the Governor and serves in an advisory capacity to the Governor with responsibility for advancing civic engagement and volunteerism in the state and for administration of the AmeriCorps State Formula grants under the National and Community Service Act of 1990.

Responsibilities of the North Dakota State Commission on National and Community Service Include:

Development of a comprehensive State Service Plan and establishment of state priorities for use of AmeriCorps State Formula funding and the expansion of civic engagement and volunteerism:

- a. Administer a competitive grant process to select program sponsors for national service programs;
- b. Administer grant programs selected and awarded in the state, including evaluation and monitoring of sub grantee programs;
- c. Assist state educational agency in preparing the application for subtitle B school-based service learning programs;
- d. May apply to receive funding for community-based after coordination with the state educational agency;
- e. Provide technical assistance to local nonprofit organizations and other entities in planning programs, applying for funds, and in implementing and operating high quality programs.
- f. Provide services to promote disability inclusion in national programs in the state.

State Commission Administration:

Federal funds provide 100% of the salary and benefits of 1.3 full-time equivalent permanent positions, along with the operating budget for the State Commission. The federal funds require a non-federal match of a maximum of 50%. This non-federal match will be leveraged by using the state general funds salary and travel appropriation included in the budget for the Workforce Development Division.

Staff:

100% Federal and State Funds

Operations Budget:

100% Federal Funds

State Commission Program Development Assistance and Training (PDAT):

States previously received federal Program Development Assistance and Training (PDAT) funds to support building capacity and infrastructure consistent with Administrative Standard Eight, *Implementing Training and Technical Assistance*, and the *Characteristics of a Successful Training and Technical Assistance Program*, established by the Corporation for National and Community Service. Funds are no longer provided but states may utilize unspent funds. \$6,000 remains to be spent. The Program Development Assistance and Training activities must be consistent with these guidelines provided by the Corporation for National and Community Service and with the State Commission Training Plan. PDAT funds are the principal resource available to commissions for enhancing and sustaining high quality, effectively-functioning AmeriCorps*State and National service programs.

Staff:

100% Federal Funds

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** ND Workforce Development**Reporting level:** 00-601-400-00-00-00-00-00000000

Operations Budget:

100% Federal Funds

State Commission Disability Inclusion:

The federal Disability Placement Funds were previously available to State Commissions are for the placement, reasonable accommodation, and auxiliary services for members and potential members with disabilities, serving in AmeriCorps*State and AmeriCorps*National Direct programs. Funds are no longer allocated but states are allowed to utilize unspent funds. Approximately \$25,000 remains to be spent.

Operations Budget:

100% Federal Funds

State Commission AmeriCorps*State Formula Funds:

The federal AmeriCorps*State Formula funds which are available to the State Commission are for sub grant awards to nonprofits, community-based, faith-based, state and local government agencies to conduct allowable community service activities under AmeriCorps funded programs. No non-federal match is required.

Operations Budget:

100% Federal Funds (Sub Grantee Contracts)

Office of Faith-Based and Community Initiatives:

The Office of Faith-Based and Community Initiatives was transferred from the Governor's Office to the ND Department of Commerce by the 2007 Legislative Assembly. The Faith-Based and Community Initiatives Advisory Committee was a seven-member board appointed by the Governor and serves in an advisory capacity to the Governor with responsibilities to establish policies, priorities, and objectives for the state's comprehensive effort to enlist, equip, empower, and expand the work of faith-based and community organizations to the extent permitted by law. The committee was legislatively abolished in 2013, and its responsibilities conjoined with the State Commission on National and Community Service.

Operation Intern:

NDCC 54-60-17 mandates operation of a program to increase use of internships. The resulting program provides for matching funds to employers to incentivize use of internships, cooperative experiences, and apprenticeships to expose students to industry and business opportunities, provide them with direct learning activities, and assist North Dakota and its employers in recruiting, training, and retaining new workers.

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Biennium: 2015-2017

Time: 13:08:42

Program: ND Workforce Development Reporting Level: 00-601-400-00-00-00-00000000

Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Salaries and Wages					
Salaries - Permanent	733,561	769,511	56,521	826,032	0
Temporary Salaries	0	18,000	(18,000)	0	0
Fringe Benefits	258,343	316,690	15,497	332,187	0
Total	991,904	1,104,201	54,018	1,158,219	0
Salaries and Wages					
General Fund	801,929	918,552	(14,479)	904,073	0
Federal Funds	189,975	185,649	68,497	254,146	0
Special Funds	0	0	0	0	0
Total	991,904	1,104,201	54,018	1,158,219	0
Operating Expenses					
Travel	67,477	69,250	431	69,681	0
Supplies - IT Software	1,990	1,927	3,773	5,700	0
Supply/Material-Professional	638	1,300	(300)	1,000	0
Bldg, Ground, Maintenance	22	0	0	0	0
Miscellaneous Supplies	1,472	2,667	(367)	2,300	0
Office Supplies	3,698	6,529	(3,629)	2,900	0
Postage	4,156	3,572	(162)	3,410	0
Printing	1,418	4,329	(2,329)	2,000	0
IT Equip Under \$5,000	3,888	6,400	(400)	6,000	0
Other Equip Under \$5,000	54	0	0	0	0
Office Equip & Furn Supplies	0	2,372	(72)	2,300	0
Insurance	0	389	1	390	0
Rentals/Leases-Equip & Other	1,673	3,972	(972)	3,000	0
Rentals/Leases - Bldg/Land	48,373	35,438	20,095	55,533	4,605
Repairs	91	407	(7)	400	0
IT - Data Processing	14,315	13,653	15,316	28,969	15,316
IT - Communications	9,099	9,352	5,148	14,500	0
IT Contractual Svcs and Rprs	25,148	3,600	(2,100)	1,500	0
Professional Development	50,939	14,787	613	15,400	0
Operating Fees and Services	116,530	1,774,398	44,402	1,818,800	950,000
Fees - Professional Services	3,000	151,800	(70,000)	81,800	250,000
Total	353,981	2,106,142	9,441	2,115,583	1,219,921
Operating Expenses					
General Fund	244,558	1,854,296	(33,689)	1,820,607	1,219,921
Federal Funds	79,534	205,596	(35,620)	169,976	0

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Biennium: 2015-2017

Bill#: HB1018

Date: 12/23/2014

Time: 13:08:42

Program: ND Workforce Development		Reporting Level: 00-601-400-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Special Funds	29,889	46,250	78,750	125,000	0
Total	353,981	2,106,142	9,441	2,115,583	1,219,921
Grants					
Grants, Benefits & Claims	1,174,329	8,600,000	(7,400,000)	1,200,000	5,000,000
Total	1,174,329	8,600,000	(7,400,000)	1,200,000	5,000,000
Grants					
General Fund	4	5,400,000	(5,400,000)	0	5,000,000
Federal Funds	1,174,325	1,200,000	0	1,200,000	0
Special Funds	0	2,000,000	(2,000,000)	0	0
Total	1,174,329	8,600,000	(7,400,000)	1,200,000	5,000,000
Workforce Enhancement Fund					
Grants, Benefits & Claims	0	2,000,000	(2,000,000)	0	2,000,000
Total	0	2,000,000	(2,000,000)	0	2,000,000
Workforce Enhancement Fund					
General Fund	0	2,000,000	(2,000,000)	0	2,000,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	2,000,000	(2,000,000)	0	2,000,000
Federal Stimulus Funds - 2009					
Postage	1	0	0	0	0
Total	1	0	0	0	0
Federal Stimulus Funds - 2009					
General Fund	1	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1	0	0	0	0
Total Expenditures	2,520,215	13,810,343	(9,336,541)	4,473,802	8,219,921

Funding Sources

General Fund

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Biennium: 2015-2017

Time: 13:08:42

Program: ND Workforce Development		Reporting Level: 00-601-400-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Total	1,046,492	10,172,848	(7,448,168)	2,724,680	8,219,921
Federal Funds					
A048 Workforce Development	20,275	0	0	0	0
A060 WFD NDCNCS	889,897	1,591,245	32,877	1,624,122	0
A061 Tr & ND Has Jobs	533,662	0	0	0	0
Total	1,443,834	1,591,245	32,877	1,624,122	0
Special Funds					
330 Economic Dev. Fund 330	29,889	2,046,250	(1,921,250)	125,000	0
Total	29,889	2,046,250	(1,921,250)	125,000	0
Total Funding Sources	2,520,215	13,810,343	(9,336,541)	4,473,802	8,219,921
FTE Employees	7.00	7.00	0.00	7.00	0.00

CHANGE PACKAGE DETAIL

601 Department of Commerce

Biennium: 2015-2017

Bill#: HB1018

Date: 12/23/2014

Time: 13:08:42

Program: ND Workforce Development			Reporting Level: 00-601-400-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 7 Remove prior biennium one-time appropriations		0.00	(7,400,000)	0	(2,000,000)	(9,400,000)
Total One Time Budget Changes		0.00	(7,400,000)	0	(2,000,000)	(9,400,000)

Ongoing Budget Changes

A-A 1 Increased cost to do business		0.00	49,962	1,260	0	51,222
A-A 2 Miscellaneous changes		0.00	(83,651)	(41,880)	78,750	(46,781)
A-A 3 Operation changes		0.00	0	5,000	0	5,000
Base Payroll Change		0.00	(14,479)	68,497	0	54,018
Total Ongoing Budget Changes		0.00	(48,168)	32,877	78,750	63,459
Total Base Budget Changes		0.00	(7,448,168)	32,877	(1,921,250)	(9,336,541)

Optional Budget Changes**One Time Optional Changes**

A-D 16 Workforce enhancement grants	8	0.00	2,000,000	0	0	2,000,000
A-D 35 Find the good life	9	0.00	500,000	0	0	500,000
A-D 34 Educators & industry externships	10	0.00	300,000	0	0	300,000
A-D 19 Rural health services grant	22	0.00	400,000	0	0	400,000
A-D 38 Tribal College Grants	23	0.00	5,000,000	0	0	5,000,000
Total One Time Optional Changes		0.00	8,200,000	0	0	8,200,000

Ongoing Optional Changes

A-C 23 Inflationary increase	11	0.00	19,921	0	0	19,921
Total Ongoing Optional Changes		0.00	19,921	0	0	19,921
Total Optional Budget Changes		0.00	8,219,921	0	0	8,219,921

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Economic Development and Finance**Reporting level:** 00-601-500-00-00-00-00000000**Program Performance Measures**

ED&F's performance is primarily measured through benchmarks established through the Department of Commerce – ED Foundation Strategic Plan and through goals established amongst the ED&F Division staff. Measurement most applicable to ED&F's efforts include:

Local economic development organizations participating in state marketing strategy

Net job growth in ND

New private sector businesses in ND

Average annual wage growth in ND

Per capita personal income growth in ND

Net migration into ND

Increase in population in ND

Net job growth in manufacturing businesses in ND

Net job growth in business services businesses in ND

New private sector businesses in manufacturing sector in ND

New private sector businesses in business services sector in ND

Increase in gross domestic product in ND

Program Statistical Data**Program Statistical Data for the 09-11 Biennium and First 11 Months of the 11-13 Biennium****APUC**

The Agricultural Products Utilization Commission (APUC) was established in 1979 by the North Dakota legislature with the mission of adding value to agricultural products through the promotion of ethanol. APUC has broadened its mission to create new wealth and jobs through the development of new and expanded uses of North Dakota agricultural products. The Commission administers seven grant programs; Basic and Applied Research, Marketing and Utilization, Farm Diversification, Prototype Development, Agricultural Technology, Nature-Based Agri-Tourism, and Technical Assistance.

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Economic Development and Finance**Reporting level:** 00-601-500-00-00-00-00-00000000

2007-2009 Biennium APUC funded 54 projects totaling \$1,507,015

2009-2011 Biennium APUC funded 41 projects totaling \$1,212,572.95

2011-2013 Biennium APUC funded 46 projects totaling \$1,778,533

2013-2015 Biennium to-date (June 30, 2014) APUC funded to date 33 projects totaling \$1,690,400

BUSINESS DEVELOPMENT

The ED&F business development team through the support assistance of the ED&F research group has aggressively worked to generate and pursue business development opportunities that have resulted in the following:

2009-2011 Biennium

- New Active Business Development Projects: 84
- New Primary Sector Projects Successfully Developed: 15

2011-2013 Biennium

- New Active Business Development Projects: 98
- New Primary Sector Projects Successfully Developed: 31

2013-2015 Biennium to-date (June 30, 2014)

- New Active Business Development Projects: 39
- New Primary Sector Projects Successfully Developed: 13

** Active projects are those companies that have a defined project and are either uncertain of their level of interest in North Dakota or are considering North Dakota as a location for their company.

Community and business partnership efforts were enhanced to take on a more focused approach during the 07-09 biennium. The business development team and other Commerce staff and stakeholder state agencies began visiting North Dakota communities to better understand the attributes and challenges of communities and to promote communications between ED&F and local community leaders. This effort also includes visiting existing ND businesses to better address issues these companies may be dealing with and to understand their capabilities so the business development staff can promote linkages between ND companies and companies outside the state.

2009-2011 Biennium

- Community visits: 35
- On-site company visits: 42

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Economic Development and Finance**Reporting level:** 00-601-500-00-00-00-000000002011-2013 Biennium

- Community visits: 38
- On-site company visits: 50+

2013-2015 Biennium to-date (June 30, 2014)

- Community visits: 16
- On-site company visits: 30+

NORTH DAKOTA DEVELOPMENT FUND (NDDF)

The North Dakota Development Fund (NDDF), created in 1991, is a division of the Department of Economic Development and Finance under the North Dakota Department of Commerce and is a statewide nonprofit development corporation. It has the authority to take equity positions, provide loans, or use other innovative financing mechanisms to provide capital for new or expanding primary sector businesses in the state, or relocating businesses to the state. The Fund is responsible for the administration and management of two "fund pools," the Development Fund and the Regional Rural Development Revolving Loan Fund (Rural Fund) in addition to managing the New Venture Capital Program offered through the Bank of North Dakota. During the 2009 ND legislative session, the NDDF was directed to develop and manage a child care funding program to be delivered during the 09-11 biennium. \$1,250,000 was appropriated for the NDDF to provide funding for child care start-up and expansion businesses. The program was extended during the 2011 legislative session to June 30, 2013. The sunset clause of June 30, 2013 was eliminated during the 2013 legislative session and the program is now a continuing program and a revolving loan fund for the Child Care industry. The NDDF has helped 29 child care businesses with funding totaling approximately \$1,678,630. The revolving nature of the fund has resulted in the NDDF providing funding beyond the appropriated amounts. The NDDF and its assets are directed by the NDDF's Board of Directors. During the 2011 ND Legislative session, the NDDF was directed to manage the ND Small Business Technology Investment Program. The NDDF was appropriated \$1,000,000 to provide funding to help primary sector technology businesses at the start-up stage. The NDDF has funded one (1) business under this program for a total of \$50,000. The NDDF manages eight different funding programs.

2007-2009 Biennium - NDDF funded 45 projects totaling \$12,761,558.

With the NDDF dollars invested, there has been \$35,004,928 leveraged from other financing institutions resulting in a \$4.73 to 1 ratio for every NDDF dollar invested. Of the 45 projects invested in by the NDDF, 16 were start-up companies, with 7 of the companies located in rural communities.

2009-2011 Biennium - NDDF funded 49 projects totaling \$7,972,774.

With the NDDF dollars invested, there has been \$27,974,730 leveraged from other financing institutions resulting in a \$3.51 to 1 ratio for every NDDF dollar. Of the 49 projects invested in by the NDDF, 11 were start-up companies, with 9 of the companies located in rural communities, and 15 of the companies were child care businesses.

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Economic Development and Finance**Reporting level:** 00-601-500-00-00-00-00-00000000

2011-2013 Biennium - NDDF funded 42 projects totaling \$9,969,404.

Of the 42 projects invested in by the NDDF, 15 were start-up companies, with 6 of the companies located in rural communities. The NDDF funded 7 child care businesses.

2013-2015 Biennium to-date (June 20, 2014) NDDF funded 23 projects totaling \$4,039,969.

Of the 23 projects invested in by the NDDF, 6 were start-up companies, with 5 of the companies located in rural communities. The NDDF funded 7 child care businesses.

Since its inception in 1991, the NDDF has received \$31.25 million from legislative appropriations. Since 1991, the NDDF has invested nearly \$99 million in 548 companies with \$32.5 million invested in rural communities, and has contributed over \$2 million back to the General Fund.

Explanation of Program Costs

During the 2009 ND legislative session, the NDDF was directed to develop and manage a new Child Care funding program to be delivered during the 09-11 biennium. The NDDF was appropriated \$1,250,000 to provide funding for child care start-up and expansion businesses. The Child Care loan program was scheduled to sunset on June 30, 2011 and the legislature extended the date to June 30, 2013. The sunset clause regarding the Child Care loan program, which was scheduled to end June 30, 2013, was removed by the legislature and the program will continue as a revolving loan fund going forward.

The NDDF, during the 2011 legislative session, was appropriated \$1,000,000 to provide funding to help primary sector technology businesses at the start-up stage during the 2011-2013 biennium – this program is referred to as the Small Business Technology Program. During the 2013 legislative session, the NDDF was provided authority to broaden the application of these funds to be used for business investments related to the Venture Investment Program (phase 3 of the Research ND Venture Grants). The NDDF did not receive an appropriation during the 2013 legislative session.

The Ag products Utilization Commission (APUC) received approximately a \$500,000 reduction to its General Fund appropriation for the 11-13 biennium. The decrease was taken out of its grant line. APUC was able to make up the difference using the funding from the State Mill and Elevator. APUC receives 5% of the State Mill and Elevator Association's net income. Because of the reduction in General Fund appropriation and the reduction in gas tax collections, the State Mill and Elevators funding has become very important to sustain the number of projects APUC can support in coming years. For the 2013-2015 biennium to-date (June 30, 2014) APUC project awards are at levels nearly equivalent to total funding awarded during the entire 2011-2013 biennium.

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Economic Development and Finance**Reporting level:** 00-601-500-00-00-00-00000000

ED&F business development activities continue with a targeted and focused effort on pursuing opportunities within specific industry sectors; providing services to assist with entrepreneurial start-ups, existing business expansions, and business recruitment; creating linkages between business and universities; providing very broad array of business support services; and promotion of North Dakota domestically and around the world. The business development staff is made up of individuals with expertise in Energy, Value-Added Agriculture, Aerospace (unmanned aircraft systems focus), and Information Technology. One of the primary industry sectors that has seen a great deal of recent activity in North Dakota is the Unmanned Aircraft Systems (UAS) industry. The North Dakota Department of Commerce was designated a national UAS test site by the Federal Aviation Administration (FAA) to assist the FAA in their efforts to develop systems that will result in the safe integration of UAS into the national airspace. All contract, financial, business development oversight associated with this effort is managed by ED&F staff. ED&F also delivers a comprehensive business retention and expansion program to support our existing North Dakota businesses. A portion of this strategy is structured to create linkages between existing North Dakota companies and with companies outside of the state to promote contract manufacturing and service opportunities for our companies operating in the state. This effort is delivered through both personal interaction as well as through a web portal where information is available online. ED&F is continuing to web-enable more data for businesses and the general public to access information that supports their informational needs and development efforts.

Program Goals and Objectives

The ED&F Division implements relevant and effective strategies, programs and services to support business and community growth in the state. The primary objectives to be realized include, but are not limited to:

- Business leaders and entrepreneurs choose to start-up, expand, or locate their business operations in North Dakota.
- Continues growth of North Dakota's innovative and entrepreneurial base.
- Diversifies and expanded uses for North Dakota's agricultural resources, natural resources, and intellectual resources.
- Services and financial resources that support business and community growth and development needs.

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Time: 13:08:42

Biennium: 2015-2017

Program: Economic Development and Finance		Reporting Level: 00-601-500-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Salaries and Wages					
Salaries - Permanent	1,791,290	1,914,770	48,478	1,963,248	0
Fringe Benefits	607,837	733,625	(31,513)	702,112	0
Total	2,399,127	2,648,395	16,965	2,665,360	0
Salaries and Wages					
General Fund	1,699,008	1,911,977	(35,097)	1,876,880	0
Federal Funds	0	0	0	0	0
Special Funds	700,119	736,418	52,062	788,480	0
Total	2,399,127	2,648,395	16,965	2,665,360	0
Operating Expenses					
Travel	180,534	306,222	8,757	314,979	84,000
Supplies - IT Software	7,100	10,900	3,850	14,750	0
Supply/Material-Professional	78,085	94,593	(2,967)	91,626	0
Bldg, Ground, Maintenance	205	0	0	0	0
Miscellaneous Supplies	1,173	11,144	(1,465)	9,679	0
Office Supplies	8,268	9,165	334	9,499	0
Postage	6,456	10,640	(40)	10,600	4,000
Printing	3,574	7,732	8	7,740	3,000
IT Equip Under \$5,000	3,533	8,600	(1,400)	7,200	0
Office Equip & Furn Supplies	450	0	0	0	0
Insurance	2,526	3,124	(1,867)	1,257	0
Rentals/Leases-Equip & Other	3,837	4,881	40	4,921	0
Rentals/Leases - Bldg/Land	125,949	108,757	(3,128)	105,629	44,016
Repairs	0	500	0	500	0
IT - Data Processing	35,497	44,218	720	44,938	681
IT - Communications	28,404	27,354	(1,398)	25,956	0
IT Contractual Svcs and Rprs	45,321	22,700	(12,000)	10,700	2,400
Professional Development	130,185	122,295	16,700	138,995	50,000
Operating Fees and Services	208,719	203,409	50,045	253,454	12,800
Fees - Professional Services	12,555	29,200	10,300	39,500	10,000
Total	882,371	1,025,434	66,489	1,091,923	210,897
Operating Expenses					
General Fund	861,121	885,582	156,555	1,042,137	210,897
Federal Funds	0	0	0	0	0
Special Funds	21,250	139,852	(90,066)	49,786	0
Total	882,371	1,025,434	66,489	1,091,923	210,897

REQUEST DETAIL BY PROGRAM

601 Department of Commerce
Biennium: 2015-2017

Bill#: HB1018

Date: 12/23/2014

Time: 13:08:42

Program: Economic Development and Finance		Reporting Level: 00-601-500-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Grants					
Grants, Benefits & Claims	1,000,000	0	0	0	0
Total	1,000,000	0	0	0	0
Grants					
General Fund	1,000,000	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	1,000,000	0	0	0	0
Economic Develop Initiatives					
Grants, Benefits & Claims	167,259	186,846	(186,846)	0	0
Total	167,259	186,846	(186,846)	0	0
Economic Develop Initiatives					
General Fund	167,259	186,846	(186,846)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	167,259	186,846	(186,846)	0	0
Agric. Products Util. Comm. (APUC)					
Salaries - Permanent	219,385	220,423	36,121	256,544	0
Fringe Benefits	81,691	84,453	13,695	98,148	0
Travel	27,906	34,460	2,000	36,460	0
Supplies - IT Software	442	750	850	1,600	0
Supply/Material-Professional	558	2,000	(500)	1,500	0
Bldg, Ground, Maintenance	23	0	0	0	0
Miscellaneous Supplies	375	1,500	0	1,500	0
Office Supplies	842	1,500	0	1,500	0
Postage	841	1,200	0	1,200	0
Printing	3,422	2,500	0	2,500	0
IT Equip Under \$5,000	90	3,200	0	3,200	0
Other Equip Under \$5,000	95	0	0	0	0
Office Equip & Furn Supplies	673	0	0	0	0
Rentals/Leases - Bldg/Land	11,429	12,000	0	12,000	0
Repairs	0	500	0	500	0
IT - Data Processing	4,590	6,480	3,177	9,657	0
IT - Communications	4,055	4,400	0	4,400	0

REQUEST DETAIL BY PROGRAM

601 Department of Commerce
Biennium: 2015-2017

Bill#: HB1018

Date: 12/23/2014

Time: 13:08:42

Program: Economic Development and Finance		Reporting Level: 00-601-500-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
IT Contractual Svcs and Rprs	1,420	1,300	0	1,300	0
Professional Development	12,223	15,000	0	15,000	0
Operating Fees and Services	2,348	4,000	0	4,000	0
Fees - Professional Services	674	6,000	2,000	8,000	0
Grants, Benefits & Claims	1,449,374	5,105,302	(2,266,474)	2,838,828	0
Transfers Out	5,000	0	0	0	0
Total	1,827,456	5,506,968	(2,209,131)	3,297,837	0
Agric. Products Util. Comm. (APUC)					
General Fund	1,727,323	1,843,765	(641,556)	1,202,209	0
Federal Funds	0	300,000	(300,000)	0	0
Special Funds	100,133	3,363,203	(1,267,575)	2,095,628	0
Total	1,827,456	5,506,968	(2,209,131)	3,297,837	0
Total Expenditures	6,276,213	9,367,643	(2,312,523)	7,055,120	210,897
Funding Sources					
General Fund					
Total	5,454,711	4,828,170	(706,944)	4,121,226	210,897
Federal Funds					
A053 APUC Rural Business Enterp. Grants	0	300,000	(300,000)	0	0
Total	0	300,000	(300,000)	0	0
Special Funds					
224 APUC Fund 224	100,133	3,363,203	(1,267,575)	2,095,628	0
330 Economic Dev. Fund 330	721,369	876,270	(38,004)	838,266	0
Total	821,502	4,239,473	(1,305,579)	2,933,894	0
Total Funding Sources	6,276,213	9,367,643	(2,312,523)	7,055,120	210,897
FTE Employees	15.00	15.00	1.00	16.00	0.00

CHANGE PACKAGE DETAIL

601 Department of Commerce

Biennium: 2015-2017

Bill#: HB1018

Date: 12/23/2014

Time: 13:08:42

Program: Economic Development and Finance			Reporting Level: 00-601-500-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 9 Remove Carryover authority		0.00	(641,555)	0	(1,624,919)	(2,266,474)
Total One Time Budget Changes		0.00	(641,555)	0	(1,624,919)	(2,266,474)

Ongoing Budget Changes

A-A 1 Increased cost to do business		0.00	(24,044)	0	0	(24,044)
A-A 2 Miscellaneous changes		0.00	(21,978)	0	(90,066)	(112,044)
A-A 3 Operation changes		0.00	63,390	0	0	63,390
A-A 4 Program changes		0.00	(97,476)	(300,000)	357,344	(40,132)
Base Payroll Change		1.00	14,719	0	52,062	66,781
Total Ongoing Budget Changes		1.00	(65,389)	(300,000)	319,340	(46,049)

Total Base Budget Changes

1.00	(706,944)	(300,000)	(1,305,579)	(2,312,523)
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Optional Budget Changes**One Time Optional Changes**

A-D 30 Foreign direct investment	14	0.00	200,200	0	0	200,200
Total One Time Optional Changes		0.00	200,200	0	0	200,200

Ongoing Optional Changes

A-C 23 Inflationary increase	11	0.00	10,697	0	0	10,697
Total Ongoing Optional Changes		0.00	10,697	0	0	10,697
Total Optional Budget Changes		0.00	210,897	0	0	210,897

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Division of Community Services**Reporting level:** 00-601-600-00-00-00-00000000**Program Performance Measures**

- 1) Timely distribution of community development program funds in accordance with Housing and Urban Development guidelines.
- 2) Timely distribution of energy program funds in accordance with the Department of Energy guidelines.
- 3) Timely distribution of self sufficiency program funds in accordance with Health and Human Services guidelines.
- 4) Increased number of Renaissance Zones in the state.
- 5) Enhanced quality of site-built, manufactured and modular structures in North Dakota through training and program implementation.

Program Statistical Data

Services provided by the Division of Community Services are organized into the four major program areas of Community Development, Office of Renewable Energy and Energy Efficiency, Self-Sufficiency, and Governmental and Technical Assistance.

Community Development

Time Period: 7/1/09-6/30/10

3 HOME rental units assisted.

52 homes rehabilitated through the HOME program.

140 families provided with home ownership assistance through the HOME program.

637 families provided with security deposits or rental assistance through the HOME program.

300 jobs created or retained through the Community Development Block Grant program for economic development projects.

24 homeless shelters funded through the Emergency Shelter Grant Program.

12 economic development projects funded.

56 public facilities funded.

14 housing projects funded.

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Division of Community Services**Reporting level:** 00-601-600-00-00-00-00000000Office of Renewable Energy and Energy Efficiency

In the two-year period ending June 30, 2013:

- 1,925 homes throughout North Dakota received Weatherization Assistance.
- 1,742 households received heating and cooling repair or replacement services.
- ARRA Weatherization funds totaling \$25,266,330 were received in July of 2009.
- ARRA Weatherization funds of \$16,219,288 or 64% were expended.
- An on-line audit and reporting program was implemented in 2009 for use by the Community Action Agencies.
- The Renewable Energy Development program awarded over \$1.78 million for renewable energy projects.
- Economic conditions related to the state ethanol production incentive were monitored and evaluated. The following payments were made during the biennium: \$2,155,888.30 in August 2011, \$19,856.10 in July 2012, and \$2,226,061.72 in September 2012.
- The Energy Efficiency & Conservation Block Grant, which was funded with ARRA funds was successfully completed and closed out. This program resulted in 119 communities accessing approximately \$8.5 million to complete energy efficiency retrofits on 198 buildings owned by units of local government. It is anticipated that these projects will save tax payers over \$1 million annually.
- SEP ARRA funds were successfully closed out. With this funding, ND citizens received rebates for energy efficient appliances, state agencies and institutions were able to complete energy efficiency and renewable energy projects, blender pumps were installed across the state, and a demonstration project involving the capture of natural gas that would otherwise be flared was accomplished.

Self SufficiencySelf Sufficiency - 12/31/2012

- Assisted 21,467 low income individuals in 11,383 families
- Leveraged \$6.92 per \$1 of CSBG funds
- Provided assistance to 6,362 people with disabilities
- Provided assistance to 4,630 elderly people
- Provided 3,715,131 pounds of food to low income individuals
- Provided emergency fuel or utility payments for 2,708 individuals

Self Sufficiency - 12/31/2013

- Assisted 27,138 low income individuals in 10,877 families
- Leveraged \$6.37 per \$1 of CSBG funds
- Provided assistance to 3,151 people with disabilities
- Provided assistance to 4,414 elderly people
- Provided 3,586,711 pounds of food to low income individuals

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Division of Community Services**Reporting level:** 00-601-600-00-00-00-00000000

- Provided emergency fuel or utility payments for 2,476 individuals

Census Office

- Completed Group Quarters Census of about 250 entities under the Federal State Cooperative Population Estimate (FSCPE) Program agreement with U.S. Census Bureau.
- Completed review of the Census Bureau's population estimate at state, county, and sub county level and provided state-level input under FSCPE agreement.
- Completed review of the Census Bureau's annual housing estimate under the FSCPE agreement.
- Completed analysis of the state's population changes since the 2010 Decennial Census.
- Reviewed and submitted vital statistics data to Census Bureau.
- Contacted city and county auditors to encourage participation in the Building Permit and Boundary and Annexation Surveys.
- Provided four public presentations of demographic information on North Dakota population and population changes under the State Data Center (SDC) Agreement with the US Census Bureau.
- Provided two training sessions of accessing American Community Survey (ACS) data to North Dakota data user groups.
- Assisted ND Health Department in determining poverty ratios for US Dept. of Health grant requirements.
- Responded to 185 data assistance requests from the general public.

Governmental and Technical Assistance

Fifty-five North Dakota communities have Renaissance Zones. This is an increase of six cities from the last biennium. We are currently working with three communities on Renaissance Zone designations.

The North Dakota State building code is in the process of being updated which includes adopting, with amendments, the 2012 IBC, IRC, IFGC, and IMC codes. This process is the inclusion of an energy code as required by Senate Bill 2352. The updated building code will go into effect on January 1, 2014. The energy code program provided assistance for seven trainings.

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Division of Community Services**Reporting level:** 00-601-600-00-00-00-00-00000000

DCS continues to implement the Third Party Inspection program which ensures modular structures, both residential and commercial buildings, built by manufacturers adhere to the State Building Code, State Plumbing Code and State Electrical Code. The program has been successful in identifying and correcting code violations throughout the state. An Advisory Committee has been formed for input and guidance concerning the process.

The North Dakota Manufactured Home Installation program focus is on the proper set-up and installation of manufactured homes through the training of installers and inspectors. Each home is required to be installed by a state trained installer and inspected by a state trained inspector. An insignia is affixed to the home after it passes inspection. The state offers several trainings per year in different locations to assure all inspectors and trainers are current with the latest rules of the program. Both inspectors and installers are required to register and be trained on a yearly basis. DCS has implemented its own training rather than hiring out-of-state firms. We are in the process of implementing on-line software with procedures to track, identify, and contact parties not conforming to the state regulations. All inspectors, installers, manufacturers, and dealers will have access to the system.

State Administrative Agency (SAA)

- o Manufactured Housing Complaint Program

DCS also receives and processes consumer complaints regarding the construction of manufactured homes. DCS forwards complaints for corrective action to the manufacturer and the SAA in the state where the manufacturer is located. DCS assures that corrective actions are completed on the homes in question.

Explanation of Program Costs

Approximately 93% of the funds in the DCS base budget are passed on to sub-recipient grantee agencies. The remaining 7% is used for salaries, fringe, and operating expenses. Over 97% percent of the division's base budget is from federal and other sources and is subject to federal and other judicially imposed regulations. It is necessary that DCS maintain a programmatic and administrative staff to ensure compliance with those regulations and to account for the numerous grants and sources of funds.

Three percent of the DCS base budget request is for general funds. These funds are used for administering state programs and to meet the matching requirements imposed by some federal sources. In addition to the base budget, the DCS budget contains \$24.4 million of stimulus funds.

Program Goals and Objectives

PROGRAM NARRATIVE**601 Department of Commerce****Date:** 12/23/2014**Time:** 13:08:42**Program:** Division of Community Services**Reporting level:** 00-601-600-00-00-00-00000000

DCS's budget includes funds to maintain the division's IT support. This past biennium, DCS continued the implementation of an Electronic Document Management System (EDMS) hosted by ITD. Efforts are continuing to input existing CDBG documents and records on the system to reduce space and provide for quicker access to sub-grantee records at a reduced cost. This will be expanded to other programs within the division.

In addition, DCS continues the successful implementation of the HOMENet system which is a web-based program where clients can submit required reports and request funds electronically. This allows for requests for funds to be processed more quickly and accurately and reduces duplication of reports while creating better tracking for HOME program projects. The system has reduced work and prep time for clients administering HOME projects.

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Biennium: 2015-2017

Time: 13:08:42

Program: Division of Community Services		Reporting Level: 00-601-600-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Salaries and Wages					
Salaries - Permanent	1,645,463	2,176,231	(648,209)	1,528,022	0
Temporary Salaries	31,675	0	178,560	178,560	139,213
Fringe Benefits	571,222	780,056	(175,259)	604,797	13,922
Total	2,248,360	2,956,287	(644,908)	2,311,379	153,135
Salaries and Wages					
General Fund	720,042	941,365	(185,843)	755,522	153,135
Federal Funds	1,407,439	1,800,074	(302,375)	1,497,699	0
Special Funds	120,879	214,848	(156,690)	58,158	0
Total	2,248,360	2,956,287	(644,908)	2,311,379	153,135
Operating Expenses					
Travel	117,764	182,308	54,933	237,241	12,750
Supplies - IT Software	4,318	11,800	4,200	16,000	4,800
Supply/Material-Professional	9,866	28,909	2,441	31,350	0
Food and Clothing	0	100	0	100	0
Bldg, Ground, Maintenance	49	2,600	0	2,600	0
Miscellaneous Supplies	7,486	8,610	4,050	12,660	0
Office Supplies	5,679	9,000	5,100	14,100	1,251
Postage	8,992	10,414	4,086	14,500	1,200
Printing	9,758	25,500	13,000	38,500	1,950
IT Equip Under \$5,000	5,248	13,275	2,260	15,535	2,800
Other Equip Under \$5,000	4,819	0	0	0	0
Office Equip & Furn Supplies	0	26,800	(14,350)	12,450	1,500
Insurance	1,720	1,000	0	1,000	0
Rentals/Leases-Equip & Other	3,499	7,375	(1,375)	6,000	0
Rentals/Leases - Bldg/Land	98,043	97,160	26,004	123,164	14,793
Repairs	171	250	(250)	0	0
IT - Data Processing	72,562	75,150	11,810	86,960	14,060
IT - Communications	20,315	34,242	(1,652)	32,590	2,000
IT Contractual Svcs and Rprs	11,111	14,167	25,133	39,300	0
Professional Development	92,111	94,800	47,058	141,858	3,200
Operating Fees and Services	158,139	1,101,250	5,913	1,107,163	46,673
Fees - Professional Services	89,174	165,796	84,363	250,159	160,640
Grants, Benefits & Claims	42,254	0	0	0	0
Total	763,078	1,910,506	272,724	2,183,230	267,617

Operating Expenses

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Biennium: 2015-2017

Time: 13:08:42

Program: Division of Community Services		Reporting Level: 00-601-600-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
General Fund	146,966	1,136,345	(440,000)	696,345	267,617
Federal Funds	414,189	583,979	542,135	1,126,114	0
Special Funds	201,923	190,182	170,589	360,771	0
Total	763,078	1,910,506	272,724	2,183,230	267,617
Capital Assets					
Equipment Over \$5000	0	10,000	(10,000)	0	0
Total	0	10,000	(10,000)	0	0
Capital Assets					
General Fund	0	0	0	0	0
Federal Funds	0	10,000	(10,000)	0	0
Special Funds	0	0	0	0	0
Total	0	10,000	(10,000)	0	0
Grants					
Grants, Benefits & Claims	32,803,544	48,580,975	(3,541,655)	45,039,320	5,259,291
Total	32,803,544	48,580,975	(3,541,655)	45,039,320	5,259,291
Grants					
General Fund	616,747	5,065,000	(4,600,000)	465,000	5,259,291
Federal Funds	30,358,240	37,302,887	927,029	38,229,916	0
Special Funds	1,828,557	6,213,088	131,316	6,344,404	0
Total	32,803,544	48,580,975	(3,541,655)	45,039,320	5,259,291
Flood Impact Loans/Grants					
Salaries - Permanent	86,193	106,688	(55,988)	50,700	0
Fringe Benefits	30,467	31,472	(11,778)	19,694	0
Travel	4,072	3,500	14,200	17,700	0
Supplies - IT Software	0	400	600	1,000	0
Supply/Material-Professional	103	0	0	0	0
Postage	175	100	300	400	0
IT Equip Under \$5,000	0	1,000	(1,000)	0	0
Rentals/Leases - Bldg/Land	407	3,140	860	4,000	0
IT - Data Processing	0	0	500	500	0
IT - Communications	0	100	400	500	0
IT Contractual Svcs and Rprs	0	500	(500)	0	0
Professional Development	3,250	0	4,000	4,000	0
Operating Fees and Services	48,488	66,282	(38,397)	27,885	0

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Biennium: 2015-2017

Time: 13:08:42

Program: Division of Community Services		Reporting Level: 00-601-600-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Fees - Professional Services	257,967	75,618	(46,997)	28,621	0
Grants, Benefits & Claims	2,500,505	18,070,066	(5,370,066)	12,700,000	0
Total	2,931,627	18,358,866	(5,503,866)	12,855,000	0
Flood Impact Loans/Grants					
General Fund	0	0	0	0	0
Federal Funds	2,931,627	18,358,866	(5,503,866)	12,855,000	0
Special Funds	0	0	0	0	0
Total	2,931,627	18,358,866	(5,503,866)	12,855,000	0
Federal Stimulus Funds - 2009					
Salaries - Permanent	366,174	0	0	0	0
Temporary Salaries	10,508	0	0	0	0
Fringe Benefits	118,990	0	0	0	0
Travel	45,000	0	0	0	0
Supplies - IT Software	297	0	0	0	0
Supply/Material-Professional	196	0	0	0	0
Bldg, Ground, Maintenance	77	0	0	0	0
Miscellaneous Supplies	4,218	0	0	0	0
Office Supplies	1,628	0	0	0	0
Postage	1,105	0	0	0	0
Printing	1,273	0	0	0	0
IT Equip Under \$5,000	1,526	0	0	0	0
Other Equip Under \$5,000	82	0	0	0	0
Rentals/Leases - Bldg/Land	9,788	0	0	0	0
IT - Communications	3,481	0	0	0	0
IT Contractual Srvcs and Rprs	283	0	0	0	0
Professional Development	25,965	0	0	0	0
Operating Fees and Services	164,410	0	0	0	0
Grants, Benefits & Claims	28,440,953	796,770	(796,770)	0	0
Total	29,195,954	796,770	(796,770)	0	0
Federal Stimulus Funds - 2009					
General Fund	0	0	0	0	0
Federal Funds	29,195,954	796,770	(796,770)	0	0
Special Funds	0	0	0	0	0
Total	29,195,954	796,770	(796,770)	0	0

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Biennium: 2015-2017

Time: 13:08:42

Program: Division of Community Services		Reporting Level: 00-601-600-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Total Expenditures	67,942,563	72,613,404	(10,224,475)	62,388,929	5,680,043

Funding Sources

General Fund

Total	1,483,755	7,142,710	(5,225,843)	1,916,867	5,680,043
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Federal Funds

E011 Community Development Block Grant	2,517,109	8,335,227	(176,135)	8,159,092	0
E012 HOME Program	492,364	7,273,935	114,360	7,388,295	0
E013 State Energy Program	0	444,834	35,538	480,372	0
E018 Community Services Block Grant	11	6,885,710	205,212	7,090,922	0
E030 Shelter Plus Care	366,304	450,000	50,000	500,000	0
E035 ESGP 2000	4,542	1,064,750	33,876	1,098,626	0
E037 DOE Weatherization Asst for Low Inc	390,046	6,920,936	(339,277)	6,581,659	0
E050 LI Energy Assist - Weatherization	29,555	271,184	523,599	794,783	0
E053 SAA	992	0	0	0	0
E056 Indirect Cost	0	689,961	(601,041)	88,920	0
E061 State Heating Oil and Propane Prog	3	6,064	0	6,064	0
E078 Neighborhood Stabilization Prog	2,006,099	51,305	1,036,200	1,087,505	0
E104 Low Inc Energy Asst Prog Emer Rprs	2,274,345	7,050,000	43,024	7,093,024	0
E111 Community Development Block Grant	6,392,506	0	0	0	0
E119 Stimulus Comm Devel Block Grant	73,172	0	0	0	0
E121 HOME Program	4,216,724	0	0	0	0
E131 State Energy Program	371,629	0	0	0	0
E139 Stimulus State Energy Program	17,699,212	796,770	(796,770)	0	0
E181 Community Services Block Grt.	6,544,174	165,034	(165,034)	0	0
E309 Stimulus Homelessness Prev and Hous	653,442	0	0	0	0
E351 Emergency Solutions Grants Program	771,920	0	0	0	0
E371 Dept of Energy Weatherization	3,853,838	0	0	0	0
E379 Stimulus DOE Weatherization	6,122,158	0	0	0	0
E501 LIHEAP	1,451,176	88,000	0	88,000	0
E561 Ind Cost Division of Comm Services	495,719	0	396,467	396,467	0
E611 State Heating Oil and Propane Prog	812	0	0	0	0
E781 Disaster Community Dev Block Grant	2,931,627	18,358,866	(5,503,866)	12,855,000	0
E901 Stimulus Energy Eff Comm Block Grt	4,559,904	0	0	0	0
E903 Stimulus Smart Grid Energy Assur	88,066	0	0	0	0
Total	64,307,449	58,852,576	(5,143,847)	53,708,729	0

REQUEST DETAIL BY PROGRAM

601 Department of Commerce

Bill#: HB1018

Date: 12/23/2014

Biennium: 2015-2017

Time: 13:08:42

Program: Division of Community Services		Reporting Level: 00-601-600-00-00-00-00000000			
Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Request 2015-2017
Special Funds					
342 Intergovernmental Assist. Fund 342	2,151,359	6,618,118	145,215	6,763,333	0
Total	2,151,359	6,618,118	145,215	6,763,333	0
Total Funding Sources	67,942,563	72,613,404	(10,224,475)	62,388,929	5,680,043
FTE Employees	12.43	12.43	(0.14)	12.29	0.00

CHANGE PACKAGE DETAIL

601 Department of Commerce

Biennium: 2015-2017

Bill#: HB1018

Date: 12/23/2014

Time: 13:08:42

Program: Division of Community Services			Reporting Level: 00-601-600-00-00-00-00000000			
Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes**One Time Budget Changes**

A-E 7 Remove prior biennium one-time appropriations		0.00	(5,100,000)	(19,017,476)	0	(24,117,476)
Total One Time Budget Changes		0.00	(5,100,000)	(19,017,476)	0	(24,117,476)

Ongoing Budget Changes

A-A 1 Increased cost to do business		0.00	28,995	31,771	8,559	69,325
A-A 2 Miscellaneous changes		0.00	0	(10,076)	(8,300)	(18,376)
A-A 3 Operation changes		0.00	31,005	520,440	170,330	721,775
A-A 4 Program changes		0.00	0	13,711,635	131,316	13,842,951
A-F 10 Remove prior biennium capital assets		0.00	0	(10,000)	0	(10,000)
Base Payroll Change		(0.14)	(185,843)	(370,141)	(156,690)	(712,674)
Total Ongoing Budget Changes		(0.14)	(125,843)	13,873,629	145,215	13,893,001
Total Base Budget Changes		(0.14)	(5,225,843)	(5,143,847)	145,215	(10,224,475)

Optional Budget Changes**One Time Optional Changes**

A-D 12 Childcare facility grants	5	0.00	3,000,000	0	0	3,000,000
Total One Time Optional Changes		0.00	3,000,000	0	0	3,000,000

Ongoing Optional Changes

A-C 18 Homeless shelter grants	7	0.00	2,000,000	0	0	2,000,000
A-C 23 Inflationary increase	11	0.00	19,403	0	0	19,403
A-C 31 Community development block grant program	16	0.00	160,640	0	0	160,640
A-C 32 Community action energy conservation	19	0.00	500,000	0	0	500,000
Total Ongoing Optional Changes		0.00	2,680,043	0	0	2,680,043
Total Optional Budget Changes		0.00	5,680,043	0	0	5,680,043